DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY
DATE
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TS.AUTH. REASON
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RELEASE DENIED☐
PA or FOI EXEMPTIONS

Mr. Coy 1916

Acting AA/LAC, Mr. Edward W. Coy — December 26, 1978

LAC/CAR, Gerald Gower

Use of $55,000 in AID Contingency Funds in Guyana

REF: A) Georgetown 4414, December 22, 1978
B) Action Memorandum for Acting Deputy Administrator, December 4, 1978
C) Georgetown 4064, December 1, 1978
D) State 305327, December 2, 1978

1. Reference cable A) is an Embassy cable--cleared with USAID/Guyana--with designated ARA action. This office intends to take the initiative in the response. The incoming cable concerns the use of the $55,000 AID Contingency Fund as agreed to by Deputy Administrator Nooter on December 1st and confirmed by the Administrator's signature on the Bureau's Action Memorandum on December 6th.

2. To put the situation in a proper time frame, it should be noted that a) Congressman Ryan was killed at Port Kaituma on November 18th and one of the Guyana Airways Corporation (GAC) Twin-Otter planes put out of commission at that time.37 days ago. b) Since then the GAC has had only one STOL plane operational with the capability of servicing the transport/humanitarian needs of many of the isolated communities in the interior of Guyana. Although we do not have specific data on the use of the second Twin Otter since November 19th we have been advised that much of the intervening time it has been used for travel in connection with events at Jonestown. c) It has now been 24 days since we advised the Embassy/Mission in Georgetown that Contingency Funds could be used to lease a STOL plane from another country to take care of the humanitarian requirements of the population in the interior. The GOG has now apparently determined that this kind of financial assistance is not required, probably because the damaged plane was returned to service on December 18th.

3. Rather we are now being asked on an urgent basis, that AID finance:

a) $3,000 to $5,700 to rent a temporary replacement engine for the damaged Twin Otter.

b) Up to $50,000 to finance the cost of repairing the damaged engine by a U.S. firm.

Total: Up to $55,000

Note: Nothing in the cable mentions whether costs such as these might be covered by the plane's insurance. We understand that this is a possibility.

4. Amembassy's cable (ref A), while acknowledging that the form of assistance requested by the GOG has changed, indicates in paragraph 4 that "the essential purpose of (our) assistance remains unchanged, namely to restore vital communication and supply line for items such as fuel and foodstuffs to rural areas for which STOL type aircraft is essential and to assure transport of persons needing medical attention to hospital in Georgetown."

5. Although we concur with this proposition we believe that the present request is sufficiently different from the original to require reauthorization if we are to concur in the action requested. Given the time that has elapsed, and the fact that the damaged plane has already been placed back in service with a rented motor, our agreement to finance the repair of the damaged motor would in no way affect service to outlying areas. We thus find the justification for concurring in the Embassy's request to be lacking.

6. If you agree, my office will work with ARA/CAR to prepare a cable (to be cleared by PPC and GC) disapproving the proposed change in purpose/form in Contingency Fund utilization (a draft cable is attached).

LAC/CAR:JPLockard:12/26/78

Clearance: LAC/GC:JKessler

Info: ARA/CAR:AHewitt
ARA/CAR:RMcCoy

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Draft Cable to Georgetown

Subject: Lease of Plane

Ref: A) Georgetown 4414, B) Georgetown 4064,
C) State 305327

JOINT STATE AID MESSAGE

1. Regret to advise that AID must disapprove proposed change in use of $55,000 Contingency Fund initially authorized on December 1st (Ref C).

2. AID's approval was based upon our desire to help GOG solve its emergency need for outside transport to serve its population in isolated communities while Twin Otter damaged at Port Kaituma was being repaired.

3. Reftel A (and other information) indicates that GAC has had two STOL aircraft operational since December 18th, and thus should be able to provide type of air transport to interior that existed prior to November 18th incident at Port Kaituma. One question raised here that we are unable to answer is whether Guyana Airways insurance might not cover costs of repair or replacement of Twin Otter motor?

4. It would appear that since GOG did not make use of the Contingency Fund to lease an additional plane after AID financing was authorized, that some alternate method of providing for humanitarian needs of interior settlements must have taken place.

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5. Regretably, in our opinion, ex post facto reimbursement of GAC's motor rental and aircraft engine repair--while essential to Guyana's transport needs--can not be construed as the type of emergency financing for which the AID Contingency Fund was created.

LAC/CAR:JPLockard:12/26/78